

Sales of Chain Drug Stores¹

AS part of the general program of the Bureau of Foreign and Domestic Commerce designed to secure more adequate data on the trend of retail sales, figures from chain drug stores have been collected and made available to the public each month since the latter part of 1935. The monthly releases of the Bureau have given the percentage changes in sales for the current month as compared with the previous month and with the same month a year ago. It is the intention to construct an index of such sales as soon as data are available for a sufficient period of time. Early this year the cooperating chain organizations were requested to furnish annual sales figures for 1935 and 1936, the information to be used both for checking previously reported monthly figures and as a basis for annual tabulations.

The representativeness of the data gathered is indicated by a comparison of the results reported by cooperating firms with the totals reported by the Bureau of the Census in its 1935 Census of Business. The firms reporting monthly data operated 2,345 units with sales of \$228,410,000 in 1935, or more than 66 percent of the store units and 76 percent of the total dollar volume reported for drug chains, according to the Census. In more recent periods, however, the cooperation of additional firms has raised the estimated coverage to about 84 percent of total chain store sales volume. About one-fourth of all drug store sales in 1935 were made by chain units, according to the 1935 Census of Business.

Fountain Sales Show Largest Relative Expansion in 1936.

Total net drug chain sales for an identical group of store units were 4.7 percent larger in 1936 than in 1935, according to the data collected by the Bureau of Foreign and Domestic Commerce, with the widest increase—11.9 percent—reported for fountain sales. The other two categories into which sales were divided, namely, tobacco and "all other", recorded increases of 3.6 percent and 2.5 percent, respectively. It should be noted that these increases, based upon identical stores in operation for both years, do not reflect changes in sales volume accounted for by the increase or decrease in the number of units operated by cooperating chains. During the 2-year period, additional units were opened and others discontinued by the reporting firms. All units operated by reporting chains in 1936 recorded sales amounting to \$243,489,000, an increase of 6.6 percent over 1935. This percentage compares with the 4.7 percent gain for identical stores.

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Results by Regions and Size of Chains.

Most of the cooperating firms operated in only one geographic area.² However, nearly all of the reporting chain organizations whose operations extended over several regions were able to report separate regional figures. The organizations reporting such data accounted for nearly 50 percent of all chain drug store sales in 1935. The distribution of sales and stores is presented in table 3.

While total sales of identical stores for 1936 increased 4.7 percent over those for 1935, sales in the West South Central States increased 13.7 percent and those in the New England States showed a gain of only 1.5 percent. Changes in tobacco sales in this group of stores ranged from a 14.6 percent gain in the West South Central States to a 1.7 percent loss in the West North Central States. Changes in fountain sales ranged from a 17.3 percent increase in the Mountain and Pacific States to a 6.2 percent increase in New England. These data as well as comparative figures for all sales reported are presented in table 1.

Table 1.—Percentage Change in Chain Drug-Store Sales by Geographic Regions and by Chain Size Groups, 1935 to 1936

Region and size group	Sales of identical store units				Sales of all stores
	Total net sales	Tobacco sales	Fountain sales	All other sales	
GEOGRAPHIC REGION					
United States total.....	+4.7	+3.6	+11.9	+2.5	+6.6
New England.....	+1.5	+2.5	+0.3	—	+2.6
Middle Atlantic.....	+6.0	+4.5	+6.3	+3.9	+5.4
East North Central.....	+7.2	+7.9	+12.0	+5.8	+8.5
West North Central.....	+2.0	—1.7	+9.0	+2.4	—
South Atlantic.....	+4.4	+5.0	+11.7	+5.9	+7.3
East South Central.....	+6.5	+4.3	+6.5	+7.1	+6.7
West South Central.....	+13.7	+14.6	+13.0	+13.1	+13.3
Mountain and Pacific.....	+6.7	+5.4	+17.3	+6.9	+10.6
CHAIN SIZE GROUP					
United States total, all chains.....	+4.7	+3.6	+11.9	+2.5	+6.6
10 stores and less.....	+14.1	+4.8	+10.3	+12.6	+12.6
11 to 25 stores.....	+8.9	+11.3	+13.4	+8.9	+13.0
26 to 99 stores.....	+6.2	+6.1	+13.5	+6.6	+11.4
100 stores and more.....	+2.4	+1.3	+11.2	—1	+4.2

Source: Data collected by the Bureau of Foreign and Domestic Commerce.

Interesting variations appear when sales are grouped according to the number of units operated by each organization. For this purpose, the firms were divided into four classes as follows: Those operating 10 stores or less; 11 to 25 stores; 26 to 99 stores; and 100 stores or more. Grouped in this fashion, identical store units

² Census regions used and States comprising them are as follows: New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont); Middle Atlantic (New Jersey, New York, Pennsylvania); East North Central (Illinois, Indiana, Michigan, Ohio, Wisconsin); West North Central (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota); South Atlantic (Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia); East South Central (Alabama, Kentucky, Mississippi, Tennessee); West South Central (Arkansas, Louisiana, Oklahoma, Texas); Mountain and Pacific (Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming).

recorded increases in total net sales in 1936 in inverse proportion to the size of the chains (table 1). Chains operating 10 stores or less showed a 14.1 percent increase while sales of those organizations operating 100 stores and more rose 2.4 percent.

Sales increases for all stores operated were about the same for the smallest and next smallest groups, and the variations for all units operating less than 100 stores were not large. The relative gain for chains operating 100 or more stores was about a third as large as that for the other chains.

Distribution of Dollar Sales.

Studies made of the distribution of dollar sales of drug-store commodities by geographic regions, and by size of chain organizations, are based on sales of those organizations which reported data for each of the classifications. Table 2 reveals some change in the composition of chain drug-store sales from 1935 to 1936. For the United States, the percentage of total sales represented by tobacco sales decreased from 23.5 in 1935 to 23.1 in 1936, while the proportion of fountain sales to total sales increased from 19.6 percent in 1935 to 21.0 percent in 1936.

The distribution of sales by size of chains (based upon number of stores operated) shows that tobacco sales accounted for nearly one-fourth of all sales in 1936 in chains operating 26 or more stores, and closer to one-fifth for the smaller chains (table 2).

Table 2.—Percentage Distribution of Chain Drug-Store Commodities by Geographic Regions and by Chain Size Groups, 1935 and 1936

Region and size group	Tobacco sales		Fountain sales		All other sales	
	1935	1936	1935	1936	1935	1936
GEOGRAPHIC REGION						
United States total.....	23.1	23.5	21.0	19.6	55.9	56.9
New England.....	19.4	19.2	20.0	19.1	60.6	61.7
Middle Atlantic.....	23.0	23.0	24.1	23.2	52.9	52.0
East North Central.....	23.5	23.1	19.6	18.0	54.7	55.3
West North Central.....	22.3	23.4	20.6	19.8	56.9	56.8
South Atlantic.....	21.1	21.4	22.3	22.2	56.6	56.4
East South Central.....	22.4	20.6	23.2	23.2	56.4	56.3
West South Central.....	20.7	20.4	19.5	19.5	59.8	60.1
Mountain and Pacific.....	14.6	14.7	18.6	18.8	66.8	66.5
CHAIN SIZE GROUP						
United States total, all chains.....	23.1	23.5	21.0	19.6	55.9	56.9
10 stores and less.....	18.8	20.0	25.8	25.1	55.4	54.9
11 to 25 stores.....	20.5	20.3	20.3	19.8	59.3	59.9
26 to 50 stores.....	24.4	25.8	19.0	18.4	56.1	56.6
100 stores and more.....	23.4	23.7	21.8	19.0	54.8	55.7

Source: Data collected by the Bureau of Foreign and Domestic Commerce.

The ratio of tobacco sales to total net sales decreased from 1935 to 1936 in three of the size groups, and increased in one. The ratio of fountain sales to total net sales increased in 1936 as compared with 1935 in each group. The only group reporting an increase in the ratio of "all other" sales to total net sales was that comprising the smallest chains, those operating 10 stores or less.

Average Sales Per Store.

For the entire country, average sales per store operated by the reporting chain drug companies amounted to \$104,745 in 1936. By regions, this figure was highest in the Mountain and Pacific States, where the average was \$120,880 per store, followed by the New England States with a \$102,633 average. The lowest figure was that of \$62,542 shown by the East South Central States.

The average sales per store varied with the size of the chain organization, according to the grouping in table 3. Chains operating 10 stores and less showed an average annual volume per store of \$61,500, or about half the average for the units of the companies operating 100 stores or more.

Table 3.—Stores, Sales, and Average Volume per Store, by Geographic Regions and by Chain Size Groups, 1936

Region and size group	Identical store units		
	Number of stores	Total sales	Average volume per store
GEOGRAPHIC REGION			
United States total.....	2,118	\$221,840,250	\$104,745
New England.....	141	14,471,267	102,633
Middle Atlantic.....	460	44,800,135	97,421
East North Central.....	460	30,831,004	67,027
West North Central.....	113	9,830,093	86,114
South Atlantic.....	146	13,072,015	93,044
East South Central.....	42	2,630,264	62,542
West South Central.....	100	10,830,791	94,715
Mountain and Pacific.....	136	16,438,820	120,880
CHAIN SIZE GROUP			
United States total, all chains.....	2,118	221,840,250	104,745
10 stores and less.....	117	7,106,461	61,500
11-25 stores.....	330	23,006,030	69,865
26-50 stores.....	433	40,263,243	93,020
100 stores and more.....	1,238	148,306,516	117,371

* While all chains are represented in the chain size classification, only 80 percent of sales of reporting firms are distributed by geographic regions. All sales of firms giving data by regions accounted for about 50 percent of chain drug store sales in 1936.

Source: Data collected by the Bureau of Foreign and Domestic Commerce.

Sales Trend Continues Upward in 1937.

Preliminary data received from these cooperating firms for the first half of 1937 indicate an increase in total chain drug store sales over the same period of 1936 of about 6 percent. Fountain sales have continued to record a more-than-average increase. Tobacco sales appear to be increasing at the same rate as that for all sales combined, while the increase in sales of "all other" items has been below average. The widest increases, by geographic areas, have been in the East North Central and South Atlantic regions where sales increased about 10 percent.

Data on independent drug store sales, which the Bureau is collecting from 14 States in the Middle-western, Southwestern, and Mountain regions, indicate an increase for the first half of 1937 approximating that for chain drug stores. This estimated increase of slightly more than 7 percent compares with the 10 percent gain shown for these independent drug stores in 1936 over 1935.